PRIVILEGED & CONFIDENTIAL

PROJECT RAINBOW II
12/22/93 MEETING:

AGENDA

I. Goals of Meeting:

- Define Project Rainbow II Elements. (See sample "Project Rainbow I Elements" at Appendix One).
- Create three Project Rainbow II scenarios that ultimately would be translated into three alternative legislative proposals: low cost, moderate and high cost scenarios, and assess the political viability of each. (See sample "Project Rainbow I Scenarios" at Appendix One).
- Strategic thinking regarding the current political climate and how and when to move forward.
- Define next steps.

II. Description of Waxman/Synar bills:

- Distribute fact sheets on the Waxman and Synar bills. (See Appendices Two and Three).
- Note common, new and omitted areas as compared to bills of previous Congresses. (See Appendix Four.)
- Speculate on likely elements of Kennedy bill.

III. Strategic Thinking:

A. Opponents:

- Which of the principal players on the "anti" side have to be accommodated in some way and what are their (varying) bottom lines?

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-- Waxman?
-- Kennedy?
-- Synar?
-- Anti-tobacco groups?
-- Kassebaum?
-- Shalala?
-- Elders?
-- Kessler?
-- Others?
-- Administration in general?

° Among the elements that have been proposed in the various bills, which are of greatest importance to the other side? Which are of the greatest importance to the Company?

° Where do the members of the relevant committees/subcommittees stand? (See Appendix Five for list of committee and subcommittee members.)

° Who will oppose the inclusion of the elements that we want/or are willing to trade in the negotiating package? Do we generate <u>new</u> opponents by such a package and who are they?

B. <u>Supporters</u>:

° Who would champion our interest?

° Who would support a Rainbow II package?

° How do we handle the rest of the industry?

-- RJR and other cigarette companies?
-- Smokeless tobacco?
-- Other parts of the industry?

° Where will our congressional friends come out on the trade-off?

-- Tobacco state members?
-- GOP votes?
-- Democratic votes?

° What allies might we gain or lose?

-- Advertisers?
-- ACLU?
-- Alcoholic beverage industry?
-- Others?

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C. Moving Forward:

- Timing issues.
- Method: How do we get the ball rolling?
  - -- Can a trial balloon be floated and, if so, how and by whom?
  - -- Should an "honest broker" be set up to put the idea on the table and, if so, who?
  - -- Should we resume negotiations solely on the subjects previously on the table?
  - -- How can we put what we want into play without prematurely indicating how far we'd be willing to go to get it?
- Players:
  - -- Should we start first on the House or Senate side? How do we deal with Waxman and Synar -- separately or together?
  - -- How do we deal with Dingell?
  - -- Where do the House and Senate leadership stand?
  - -- Who should be the initial negotiating team?
  - -- How do we deal with the rest of the industry? What are the risks of going forward alone (e.g., Senator Ford's allegiance to the smokeless industry)?

IV. Substance of Project Rainbow II Negotiating Package:

- Review Legislative Options chart. (See Appendix Seven.)
  - -- Company executives' ratings of severity to PM and competitive impact.
  - -- Lobbyists' rating of political viability.

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- What are the key terms of the negotiating package -- what do we want?
- What elements will the other side insist on?
- What elements are we willing to trade off to get what we want?
  - -- Base-line concessions (low cost)?
  - -- Possibly winnable issues, but could give up at moderate cost?
  - -- Worst case scenario: What are the bottom-line trade-offs?
  - -- What is nonnegotiable?
- Alternatives: Where are we willing to give, but only with modifications?
  - -- Ingredients/Constituents. (See options at Appendix Six.) (See also FDA priorities at Appendix Eight.)

V. Next steps:

- Preparation of negotiating package.
- Preparation of supporting documents.
- Low-level meetings?
  - -- On the Hill?
  - -- Within the industry?

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